

SENATE BILL 717

Q7, O3, J1

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CF HB 832

By: **Senators Jones, Madaleno, Exum, Forehand, Frosh, Lenett, Pinsky, and Raskin**

Introduced and read first time: February 10, 2010

Assigned to: Budget and Taxation and Finance

A BILL ENTITLED

1 AN ACT concerning

2 **The Lorraine Sheehan Health and Community Services Act of 2010**

3 FOR the purpose of altering State tax rates for alcoholic beverages sold in Maryland;
4 altering the distribution of the alcoholic beverage tax revenue; requiring the
5 Comptroller to distribute a portion of the alcoholic beverage tax revenue to
6 certain special funds to be used only for certain purposes; establishing the
7 Developmental Disability Support Fund as a special fund to be used to support
8 certain services for individuals with developmental disabilities; establishing the
9 Addiction Treatment and Prevention Fund as a special fund to be used to
10 support certain programs for the treatment and prevention of drug and alcohol
11 addictions; establishing the Mental Health Care Fund as a special fund to be
12 used to support certain programs for the treatment and prevention of mental
13 illness; establishing the Maryland Medicaid Trust Fund as a special fund to be
14 used to provide certain health care services to certain individuals; and generally
15 relating to the alcoholic beverage tax and the dedication of certain alcoholic
16 beverage tax revenue for certain purposes.

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 2–301 and 5–105
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2009 Supplement)

22 BY adding to
23 Article – Health – General
24 Section 7–207, 8–207, 10–209, and 15–103.6
25 Annotated Code of Maryland
26 (2009 Replacement Volume)

27 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Only one-quarter of the individuals in Maryland who have alcohol
2 and drug addictions access treatment; and

3 WHEREAS, Alcohol abuse costs the Maryland economy \$3.5 billion every year,
4 and the costs associated with illicit drug abuse approach \$2.5 billion annually, for a
5 combined total of \$6 billion yearly; and

6 WHEREAS, The majority of jailable crimes committed in Maryland and the
7 majority of admissions to Maryland trauma centers result from drug- or
8 alcohol-related incidents; and

9 WHEREAS, Statistics show that more than one-quarter of the individuals
10 treated for alcohol and drug addiction and about half of the individuals treated for
11 mental health problems are diagnosed with a co-occurring substance use and mental
12 health disorder; and

13 WHEREAS, Every \$1 invested in addiction treatment saves \$7 in reduced
14 crime and criminal justice costs and, when savings related to health care are factored
15 in, every \$1 invested saves \$12; and

16 WHEREAS, There are more than 18,000 individuals with developmental
17 disabilities who are eligible for community-based services through the Developmental
18 Disabilities Administration who are on a waiting list due to lack of funding; and

19 WHEREAS, Community-based service providers are facing a fiscal crisis due to
20 historical underfunding and lack of inflationary rate increases; and

21 WHEREAS, It is the policy of the State to require the Developmental
22 Disabilities Administration to designate sufficient resources to foster and strengthen a
23 permanent comprehensive system of community programming for individuals with
24 developmental disabilities; and

25 WHEREAS, Developmental disabilities result in loss of economic productivity
26 of individuals with disabilities and their caregivers who are forced to remain at home
27 to care for their family member; and

28 WHEREAS, Fetal Alcohol Syndrome and Fetal Alcohol Spectrum Disorder are
29 the leading known preventable causes of intellectual and physical disabilities; and

30 WHEREAS, One in 100 live births is affected by Fetal Alcohol Syndrome and
31 Fetal Alcohol Spectrum Disorder each year, with lifetime health care costs of more
32 than \$800,000 incurred; and

33 WHEREAS, An estimated one in five Americans lives with a diagnosable
34 mental disorder in a given year and about 6%, or one in 17, have a serious mental
35 illness; and

1 WHEREAS, The public mental health system's budget has been reduced by 7%
2 while the need for public mental health care has risen by 7 to 8% per year for 2 years
3 running; and

4 WHEREAS, The average annual cost of the most comprehensive array of
5 community mental health services is \$30,000, but the average annual cost of a State
6 hospital bed is approximately \$180,000; and

7 WHEREAS, According to a new study by Johns Hopkins Professors David
8 Jernigan and Hugh Waters, increasing the State alcohol tax by a dime a drink will
9 save lives and money by reducing alcohol abuse; and

10 WHEREAS, The 2007 Governor's Working Families and Small Business Health
11 Care Coverage Act has expanded health care to over 52,000 parents but has not been
12 implemented for tens of thousands of childless adults because of lack of funds; now,
13 therefore,

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Tax – General**

17 2–301.

18 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute
19 the amount necessary to administer the alcoholic beverage tax laws to an
20 administrative cost account.

21 **(B) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION**
22 **(A) OF THIS SECTION, OF THE REMAINING ALCOHOLIC BEVERAGE TAX REVENUE,**
23 **THE COMPTROLLER SHALL DISTRIBUTE:**

24 **(1) 15% TO THE DEVELOPMENTAL DISABILITY SUPPORT FUND**
25 **ESTABLISHED UNDER § 7–207 OF THE HEALTH – GENERAL ARTICLE;**

26 **(2) 15% TO THE ADDICTION TREATMENT AND PREVENTION**
27 **FUND ESTABLISHED UNDER § 8–207 OF THE HEALTH – GENERAL ARTICLE;**

28 **(3) 15% TO THE MENTAL HEALTH CARE FUND ESTABLISHED**
29 **UNDER § 10–209 OF THE HEALTH – GENERAL ARTICLE; AND**

30 **(4) 42.25% TO THE MARYLAND MEDICAID TRUST FUND**
31 **ESTABLISHED UNDER § 15–103.6 OF THE HEALTH – GENERAL ARTICLE.**

32 **[(b)] (C)** After making the **[distribution]** **DISTRIBUTIONS** required under
33 **[subsection (a)] SUBSECTIONS (A) AND (B)** of this section, the Comptroller shall

1 distribute the remaining alcoholic beverage tax revenue to the General Fund of the
2 State.

3 5–105.

4 (a) Except as provided in subsection (d) of this section, the alcoholic beverage
5 tax rate for distilled spirits is:

6 (1) [~~\$1.50~~] **\$10.03** for each gallon or [~~39.63 cents~~] **\$2.65** for each liter;
7 and

8 (2) if distilled spirits contain a percentage of alcohol greater than 100
9 proof, an additional tax, for each 1 proof over 100 proof, of [~~1.5~~] **10.03** cents for each
10 gallon or [~~0.3963~~] **2.65** cents for each liter.

11 (b) Except as provided in subsection (d) of this section, the alcoholic beverage
12 tax rate for wine is [~~40 cents~~] **\$2.96** for each gallon or [~~10.57~~] **78.22** cents for each
13 liter.

14 (c) Except as provided in subsection (d) of this section, the alcoholic beverage
15 tax rate on beer is [~~9 cents~~] **\$1.16** for each gallon or [~~2.3778~~] **30.6472** cents for each
16 liter.

17 (d) The tax imposed under § 5–102(b) of this subtitle shall equal the amount
18 that the discriminating jurisdiction charges a Maryland licensee or permit holder.

19 **Article – Health – General**

20 **7–207.**

21 (A) IN THIS SECTION, “FUND” MEANS THE DEVELOPMENTAL
22 DISABILITY SUPPORT FUND.

23 (B) THERE IS A DEVELOPMENTAL DISABILITY SUPPORT FUND.

24 (C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY–BASED
25 SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES.

26 (D) THE SECRETARY SHALL ADMINISTER THE FUND.

27 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
28 SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

29 (2) THE STATE TREASURER SHALL HOLD THE FUND
30 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

1 **(F) THE FUND CONSISTS OF:**

2 **(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE**
3 **FUND UNDER § 2-301(B) OF THE TAX – GENERAL ARTICLE;**

4 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

5 **(3) INVESTMENT EARNINGS OF THE FUND; AND**

6 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
7 **FOR THE BENEFIT OF THE FUND.**

8 **(G) (1) THE FUND MAY BE USED ONLY AS PROVIDED IN THIS**
9 **SUBSECTION.**

10 **(2) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE**
11 **FUND TO SUPPORT PROVIDERS WHO ARE LICENSED UNDER THIS TITLE, BY:**

12 **(I) PROVIDING FUNDING FOR THE AVERAGE COST OF**
13 **WAGES AND BENEFITS OF COMMUNITY-BASED DIRECT SUPPORT STAFF, AS**
14 **DETERMINED BY THE COMMUNITY SERVICES REIMBURSEMENT RATE**
15 **COMMISSION; AND**

16 **(II) IF THE DEPARTMENT HAS PROVIDED FULL FUNDING**
17 **FOR THE COSTS DESCRIBED IN ITEM (I) OF THIS PARAGRAPH, PROVIDING**
18 **FUNDING FOR THE REMAINING COSTS OF PROVIDING SERVICES.**

19 **(3) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE**
20 **FUND TO SUPPORT SERVICES TO INDIVIDUALS WHO ARE ON THE**
21 **ADMINISTRATION WAITING LIST AND ARE ELIGIBLE FOR, BUT NOT RECEIVING,**
22 **ONE OR MORE SERVICES FROM THE ADMINISTRATION, AS FOLLOWS:**

23 **(I) 25% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE**
24 **USED TO PROVIDE COMMUNITY-BASED RESIDENTIAL SERVICES,**
25 **COMMUNITY-BASED DAY SERVICES, AND SUPPORTED EMPLOYMENT SERVICES**
26 **TO INDIVIDUALS; AND**

27 **(II) 75% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE**
28 **USED TO PROVIDE COMMUNITY-BASED RESPITE CARE, INDIVIDUAL SUPPORT**
29 **SERVICES, AND FAMILY SUPPORT SERVICES TO INDIVIDUALS LIVING WITH**
30 **THEIR FAMILIES.**

1 **(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
2 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

3 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
4 **CREDITED TO THE FUND.**

5 **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
6 **ACCORDANCE WITH THE STATE BUDGET.**

7 **(J) MONEY EXPENDED FROM THE FUND TO SUPPORT**
8 **COMMUNITY-BASED SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL**
9 **DISABILITIES:**

10 **(1) IS SUPPLEMENTAL TO AND NOT INTENDED TO TAKE THE**
11 **PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE**
12 **PROGRAMS; AND**

13 **(2) MAY NOT BE USED TO COVER THE COST OF PROVIDING**
14 **INFLATIONARY ADJUSTMENTS AS REQUIRED UNDER § 16-201.2 OF THIS**
15 **ARTICLE.**

16 **(K) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT**
17 **SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF**
18 **THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE NUMBER**
19 **OF INDIVIDUALS SERVED AND THE SERVICES PROVIDED IN THE PRECEDING**
20 **FISCAL YEAR USING THE FUND.**

21 **8-207.**

22 **(A) IN THIS SECTION, “FUND” MEANS THE ADDICTION TREATMENT AND**
23 **PREVENTION FUND.**

24 **(B) THERE IS AN ADDICTION TREATMENT AND PREVENTION FUND.**

25 **(C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED**
26 **PROGRAMS FOR THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL**
27 **ADDICTIONS IN ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR**
28 **THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH**
29 **DISORDERS.**

30 **(D) THE SECRETARY SHALL ADMINISTER THE FUND.**

31 **(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
32 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

1 **(2) THE STATE TREASURER SHALL HOLD THE FUND**
2 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

3 **(F) THE FUND CONSISTS OF:**

4 **(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE**
5 **FUND UNDER § 2-301(B) OF THE TAX – GENERAL ARTICLE;**

6 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

7 **(3) INVESTMENT EARNINGS OF THE FUND; AND**

8 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
9 **FOR THE BENEFIT OF THE FUND.**

10 **(G) THE FUND MAY BE USED ONLY TO PROVIDE ADDITIONAL FUNDING**
11 **FOR THE ADMINISTRATION TO SUPPORT COMMUNITY-BASED PROGRAMS FOR**
12 **THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL ADDICTIONS IN**
13 **ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR THOSE WITH**
14 **CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.**

15 **(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
16 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

17 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
18 **CREDITED TO THE FUND.**

19 **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
20 **ACCORDANCE WITH THE STATE BUDGET.**

21 **(J) MONEY EXPENDED FROM THE FUND TO SUPPORT**
22 **COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF**
23 **DRUG AND ALCOHOL ADDICTIONS IN ADULTS AND ADOLESCENTS IS**
24 **SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING**
25 **THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE PURPOSES.**

26 **10-209.**

27 **(A) IN THIS SECTION, “FUND” MEANS THE MENTAL HEALTH CARE**
28 **FUND.**

29 **(B) THERE IS A MENTAL HEALTH CARE FUND.**

1 (C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED
2 PROGRAMS FOR THE TREATMENT AND PREVENTION OF MENTAL ILLNESSES IN
3 CHILDREN AND ADULTS, INCLUDING TREATMENT FOR THOSE WITH
4 CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

5 (D) THE SECRETARY SHALL ADMINISTER THE FUND.

6 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
7 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

8 (2) THE STATE TREASURER SHALL HOLD THE FUND
9 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

10 (F) THE FUND CONSISTS OF:

11 (1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE
12 FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

13 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

14 (3) INVESTMENT EARNINGS OF THE FUND; AND

15 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
16 FOR THE BENEFIT OF THE FUND.

17 (G) THE FUND MAY BE USED ONLY TO PROVIDE ADDITIONAL FUNDING
18 FOR THE ADMINISTRATION TO SUPPORT COMMUNITY-BASED PROGRAMS FOR
19 THE TREATMENT AND PREVENTION OF MENTAL ILLNESSES IN CHILDREN AND
20 ADULTS, INCLUDING TREATMENT FOR THOSE WITH CO-OCCURRING SUBSTANCE
21 USE AND MENTAL HEALTH DISORDERS.

22 (H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE
23 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

24 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE
25 CREDITED TO THE FUND.

26 (I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN
27 ACCORDANCE WITH THE STATE BUDGET.

28 (J) MONEY EXPENDED FROM THE FUND TO SUPPORT
29 COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF
30 MENTAL ILLNESSES IN CHILDREN AND ADULTS IS SUPPLEMENTAL TO AND IS

1 NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE
2 APPROPRIATED FOR THOSE PURPOSES.

3 **15-103.6.**

4 (A) IN THIS SECTION, "FUND" MEANS THE MARYLAND MEDICAID
5 TRUST FUND.

6 (B) THERE IS A MARYLAND MEDICAID TRUST FUND.

7 (C) THE PURPOSE OF THE FUND IS TO PROVIDE HEALTH SERVICES
8 UNDER THE MARYLAND MEDICAL ASSISTANCE PROGRAM TO THE POPULATION
9 OF INDIVIDUALS DESCRIBED IN § 15-103(A)(2)(X) OF THIS SUBTITLE BEYOND
10 THE LEVEL OF PRIMARY CARE SERVICES.

11 (D) THE SECRETARY SHALL ADMINISTER THE FUND.

12 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
13 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

14 (2) THE STATE TREASURER SHALL HOLD THE FUND
15 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

16 (F) THE FUND CONSISTS OF:

17 (1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE
18 FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

19 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

20 (3) INVESTMENT EARNINGS OF THE FUND; AND

21 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
22 FOR THE BENEFIT OF THE FUND.

23 (G) THE FUND MAY BE USED ONLY TO PROVIDE FUNDING FOR HEALTH
24 SERVICES UNDER THE MARYLAND MEDICAL ASSISTANCE PROGRAM TO THE
25 POPULATION OF INDIVIDUALS DESCRIBED IN § 15-103(A)(2)(X) OF THIS
26 SUBTITLE BEYOND THE LEVEL OF PRIMARY CARE SERVICES.

27 (H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE
28 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

1 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
2 **CREDITED TO THE FUND.**

3 **(1) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**
4 **ACCORDANCE WITH THE STATE BUDGET.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2010.